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December 22, 2010

To: Interested Parties

From: Ann Marie Anderson, CPA
Lead Auditor for Single Audit
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Re: 2010 update to the *DHS Audit Guide*

All audits involving DHS funding are to be performed in accordance the *DHS Audit Guide*, and the 2010 update to this guide is available at www.ssag.state.wi.us.

Following is a summary of the significant changes in the 2010 revision compared to the 2009 revision:

- Section 1 – Introduction – We added an explanation that the *DHS Audit Guide* points to the *Main Document of the State Single Audit Guidelines* as a resource for topics that apply to the DHS funding environment in general, not just to single audit situations.
- Section 1.2 – Types of audits involving DHS funds – We restructured the descriptions of the two types of audits covered by the guide: a basic audit of a grant or purchase of care and services and the additional considerations for single audits. We point to a separate website for guidance on the financial statement audit of an independent care management organization.
- Section 1.7 – American Recovery and Reinvestment Act (ARRA) – We added reporting requirements related to the additional federal focus on audit for ARRA funding. We drafted these changes after issuing the comment draft, and while the changes have approval from the department's ARRA experts, auditees and auditors did not have an opportunity to provide their comments on this section. If you administer ARRA funds, you need to comply with the reporting requirements in this section, but we also encouraged contacting us with questions and concerns.
- Section 1.8 – Peer review – We added a section on peer review to supplement the discussion of peer review in the *Main Document*. In this new section, we require that the auditor provide the peer review report to the auditee and to the funding agencies, we bar auditors that have not had a timely peer review from performing audits involving DHS funding, and we address actions when the auditor receives a peer review rating of "fail."
- Section 1.9 – Effective date – The phase-in period for providers allowed under the 2009 update has ended. The 2010 update is applicable to all audits involving DHS funds.
- Section 1.10 – Due date for audit reports – We redefined the due date for the audit report to be sent to funding agencies to be the earlier of the date specified in the contract, the federal government's time frame for audits involving ARRA funding, the federal

government's timeframe for A-133 audits for local governments that have A-133 audits, or six months from the end of the fiscal period for all other agencies.

- Section 2.3.3 – Reserves – We added an alert on potential confusion between the reserves provisions applicable to DHS programs and recent changes to the reserves provisions for programs from the Department of Children and Families, and we clarified the guidance on excess reserves.
- Section 2.8 – Procurement and suspension and debarment – We expanded the previous section on purchase of care and services that was applicable to counties to now address procurement for all agencies. Like the sections on activities allowed and unallowed, allowable cost, eligibility, matching, and reporting, this section points to the compliance supplement for OMB Circular A-133 for general guidance on auditing an agency's procurement function. We included an alert highlighting risks for purchase card and credit cards.
- Section 3.3 – Aging and Disability Resource Centers – We clarified that this section applies to agencies that have employees working on ADRC activities, not just those agencies that receive ADRC funding directly from DHS. We also corrected a previous misstatement that ADRC funding is not a grant. In actuality, the department uses granting authority to provide the funding to grantees, so the funding is in the form of a grant and subject to OMB Circular A-133.
- Section 3.9 – Community Recovery Services – This is a new Type A program similar to Comprehensive Community Services, Section 3.16.
- Section 3.18 – Children's Long Term Support Waivers – We added procedures for qualified providers and background checks.

Please send questions to DHSAuditors@Wisconsin.gov.